



•Mulcahy Accounting & Risk Consulting•

## William J. Mulcahy, CIA

June 11, 2019

Mayor and City Council  
City of Brookhaven, Georgia

This report of the City Internal Auditor updates you on my activities since my last report. This report is divided into sections as follows:

1. Internal Audit Report
2. Status - Internal Audit Plan for 2019 by quarter, as approved by Mayor and City Council, after input from Audit Advisory Committee.

### 1. Internal Audit Report

**Code Enforcement.** Operational area – Compliance; Risk area – Regulatory.

I met with Linda Nabers had her explain the Code Enforcement area. Then met with Patrice Ruffin, Director of Community Development, and reviewed policy and procedures. I did a “ride around” with District 1 Supervisor Keith Colquitt, who is the (volunteer) President of the Code Enforcement Association, to observe the Code Enforcement practices in operation. First I noted that Brookhaven outsources Code Enforcement to Charles Abbott Associates, Inc., which I consider a best practice so as to hire experts and use state of the art systems. Code Enforcement’s work is broken up into two parts, (a) incoming complaints and (b) proactive patrols.

(a) Incoming Complaints – in the ride around, we observed an incoming complaint, and went behind a shopping center and saw the trash including old tires mentioned in the complaint. Mr. Colquitt stated he agreed with the complaint, took pictures and sent a letter to the shopping center owner with a warning to clean it up. If not cleaned up within the time frame, then owner will be fined. Fines are handled similar to Police tickets and go into the Municipal Court system for adjudication and payment. Code Enforcement handles no cash or payments of any kind.

(b) Proactive Patrols – are similar to a Police patrol. I observed, illegal signs on telephone poles, which Mr. Colquitt removed, then in a residential neighborhood, Mr. Colquitt gave a warning to a homeowner with a boat illegally parked in their side yard.

Results – The Code Enforcement patrols are a good way to keep Brookhaven clean as possible. I found the Code Enforcement following procedures.

**Disbursements** – As part of the 1st Quarter 2019 Internal Audit Plan, I performed the procedures listed below in the scope section on the City of Brookhaven’s Disbursements process and procedures,

**Scope –**

- a. Reviewed for reasonableness the City of Brookhaven, Finance and Administration Department, Disbursements Policies noting the policies provide for segregation of duties between purchasing and payments.
- b. Reviewed and found reasonable that the Department Head approves invoices.
- c. Reviewed and found reasonable the Finance Department review and approval of invoices.
- d. I selected disbursements for the month of January 2019 for review. I read the description of the disbursements noting no unusual items. Then selected five disbursements for detail testing.
- e. On the five selected for detail testing, I noted proper procedures were followed and each disbursement, except as noted below was supported with an approved invoice and the description was a reasonable explanation.
  - a. One exception was the use of purchasing card to buy gift cards for the “shop with a cop” event. I asked for and received additional documentation for approval of this override of internal controls, and removed my exception.

**Recommendation** – The Disbursements approval process is manually orientated. Best practices today have automated audit trails to support the process, which would be cost effective. I recommend Brookhaven implement such a system.

**Audit Summary** - In connection with the scope of my work described above, of the City of Brookhaven’s disbursements, I identified no city expenditures or other financial matters that I as the internal auditor determined to be not in compliance with

- a. the provisions of the charter
- b. the applicable city budget, and
- c. applicable ordinances, resolutions, or other actions duly adopted under the provisions of the charter.

**Open audit recommendation** – From 12/18/18 Internal Audit report

**Recommendation** – The permit fee area is prohibited from making a profit but still does need to cover the fully loaded costs on this service. I asked for the documentation but it was not available. I recommend Brookhaven prepare and document such an analysis.

**2. Internal audit plan by Quarter for 2019**

1<sup>st</sup> Quarter 2019 - Disbursements Operational area – Finance; Risk area – Financial.

**Status - Complete**

2<sup>nd</sup> Quarter 2019 - Cash Handling and bank reconciliations, including Municipal Court and Police Operational area – Finance; Risk area – Financial. – **Status – in progress**

3<sup>rd</sup> Quarter 2019 – Performance Audit - Spending on Bond proceeds - Operational area – Compliance; Risk area – Regulatory. While a performance audit is not required as the City Council waved the requirement in the bond documents, one is planned to provide oversight of the area. Per the State of Georgia Department of Audits and Accounts (DOAA) a performance audit attempts to answer these type questions,

- Is this program accomplishing its goals and objectives?
  - How well does the program do what is intended to do?
  - Is this program complying with all applicable laws and regulations?
- 4<sup>th</sup> Quarter 2019 – Purchasing Cards - Operational area – Finance; Risk areas – Financial and Reputational

Any questions, let me know.

Sincerely,

***William J. Mulcahy***

William J. Mulcahy, CIA  
City Auditor  
City of Brookhaven

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